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SENSITIVE

USDOC/ITA/MAC FOR ASSISTANT SECRETARY LASH
USDOC/ITA/USFCS FOR BOBETTE ORR

E.O. 12958: N/A

TAGS: [BEXP](#) [BTIO](#) [EINV](#) [NI](#) [AGOA](#)

SUBJECT: IMPROVING THE ENVIRONMENT FOR AMERICAN INVESTMENT
IN NIGERIAN INDUSTRIES TO EXPORT UNDER AGOA

SENSITIVE BUT UNCLASSIFIED, NOT FOR PUBLICATION ON THE
INTERNET OR INTRANET.

1. The Embassy, including FCS, proposes that the Department of Commerce consider Instituting a program to improve the climate for American private investment in Nigerian industries that would export to the U.S. under AGOA. Such a program would seek to create partnerships between individual Nigerian firms, the GON, and USDOC to improve the Nigerian firm's capability to export to the U.S. under AGOA, and thereby to attract U.S. private investments in that Nigerian export capability. Each Nigerian firm that participates would agree to a program of benchmarks it must meet, the GON would provide organizational and other support, and USDOC would make specialized expertise available to the firms via consultants.

BACKGROUND

2. Although there is considerable U.S. business investment in Nigeria, precious little goes into industries or agriculture exporting to the U.S. under AGOA. Most of it goes into the oil sector; a small amount goes into large projects privatized by the Nigerian Government (GON), or vendors to the GON, that will have a negligible impact on Nigeria's economy or trade patterns. The Embassy, including FCS, also hear gripes all the time about how the USG is not helping Nigerians take advantage of AGOA. Our not helping is not the main reason, but it is certainly true that Nigerians do not take much advantage of AGOA.

3. While we cannot guarantee that Nigerian firms will take full advantage of AGOA if their capabilities improve, we know that few of them have the expertise to discover and exploit, by themselves, markets in the U.S. they could otherwise develop. The proposed USDOC program could facilitate such Nigerian companies' entry into U.S. markets, as well as improving and opening them as opportunities for U.S. private investment.

PROGRAM PROPOSAL

4. The idea would be for USDOC to launch a partnership with the GON and individual Nigerian firms for improving their competitiveness in global markets, specifically the U.S. via AGOA, in order to make their expansion into exports attractive for U.S. investors. The EU did a similar program with Tunisia as part of the Association Agreement, and it worked very well for all concerned. A contract is made with each firm where:

-- The Nigerian firm commits to meet benchmarks on product development, standards, opportunity for foreign investment participation (read U.S. private investment), and on eventually exporting to the U.S. market.

-- The GON provides organization for the processes of screening Nigerian firms to participate and ensuring the Nigerian firms meet the benchmarks below. The GON may also be able to provide some seed money (or tax incentives) to the firms' development of export capabilities, and perhaps some expertise to the firms, and;

-- The USG participates in the screening and makes available consultants to provide expertise the GON cannot on export product development, marketing, U.S. market standards and capital financing.

5. The screening of Nigerian firms seeking to participate can be done wholly in Nigeria, by a combination of the GON and the Embassy, possibly with the help of an outside American contractor in Nigeria. USDOC in Washington could also participate in the screening, if that were preferable.

BENEFITS

16. The GON would have to commit in advance to facilitating investment by U.S. companies in such improved Nigerian firms, and the Embassy believes such a USDOC program would also help us in advocacy on behalf of other U.S. firms seeking to make greenfield investments in Nigeria. Successful development of Nigerian firms' exporting capabilities would also create opportunities in Nigeria for U.S. exports, such as capital goods, to the Nigerian firms.

17. For Nigeria, the program would ease the concentration of its economy, and especially its exports, on the oil and gas sector. It would also be a highly visible USG commitment to AGOA, and to Nigeria's private sector development.

18. Please advise.

MEECE